

## FUND-RAISING

# New share sales to hit 13-year high this year

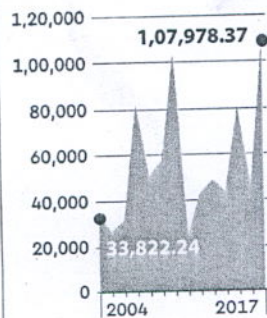
Listing gains, positive sentiment could take it past ₹1.3 lakh crore; slew of IPOs, OFS lined up

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**FUND-RAISING VIA THE** equity route could cross ₹1.3 lakh crore in 2017 with companies and financial institutions having mopped up close to ₹1.07 lakh crore so far. This is the highest amount raised via equity in the last 13 years and almost twice the quantum of ₹46,733 crore raised in 2016.

In the next two months, more than half a dozen initial public offerings (IPOs) are tipped to hit the market. These include the IPO of New India Assurance which is expected to

### TOTAL AMOUNT RAISED (₹ crore)



Source: Prime Database

hit the market later this month. Among private sector companies, HDFC Life, Mahindra Logistics, Khadims and Shalby Hospitals are expected to hit the markets this year.

Market participants said adequate liquidity in the market and the desire of private equity players to exit their

holdings have created action in the primary market. Moreover, the IPOs and offers for sale (OFS) by the government to meet its disinvestment target could take fund-raising in 2017 to a new high.

The fund-raising has been helped by a booming stock market; the Sensex has gained 22% in the year so far. On Wednesday, the benchmark gauge closed at 32,584 points. The Nifty has added 24% in 2017, closing Wednesday's session at 10,210.85 points.

A significant portion — close to 41% — of the total equity raised this year has been by way of IPOs. Since the beginning of 2017, 28 companies have together raised an amount of ₹44,342 crore.

Listing gains and returns by newly listed companies as also the positive sentiment in the broader market are also among the reasons attributed to the trend.

Of the 26 companies that made their debuts on exchanges this year, 19 have listed at a premium. Godrej Agrovert, which made its debut on Monday, listed at 33% above its issue price.

The newly listed companies have given good returns to investors — the BSE IPO index, a gauge of newly listed companies, has risen by 42% year to date.

After IPOs, the maximum amount of money was raised through qualified institutional placements (QIPs) in 2017. In 2017, companies raised ₹39,685 crore through QIPs.

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STATE BANK OF India's (SBI) ₹15,000-crore offering has been the biggest QIP in 2017 so far; the country's biggest lender had issued around 52.21 crore new shares at a price of ₹287.25 each.

The issue was aimed at augmenting the bank's capital adequacy ratio and for general corporate purposes.

This is the highest QIP issue in the past 11 years. Market participants said the need for Tier 1 capital and the necessity to meet Basel III requirements as the reasons for banks opting for QIPs.

After SBI, Kotak Mahindra Bank's offer was the biggest. The private lender had raised ₹5,803 crore in May 2017. Kotak's offer was to enable its founder Uday Kotak to bring down his personal stake to Reserve Bank of India-mandated levels.

Yes Bank, which had to scrap its QIP in September 2016, successfully raised ₹4,906 crore in March 2017. Federal Bank, DCB Bank and United Bank of India were the other banks that raised money through QIPs in 2017.

Hindalco, Brigade Enterprises, Delta Corp and Premier Explosives were some of the other companies to raise money through QIPs.

Bajaj Finance completed its QIP worth ₹4,500 crore in September. Piramal Enterprises is planning to raise ₹5,000 crore through the QIP route.

The government raised ₹13,893 crore through OFS. The stake sale in NTPC was the biggest OFS so far in 2017. The government raised ₹9,193 crore through the stake sale. The government also sold shares in Nalco, RCFL, NFL, and HCL as a part of its disinvestment process.

Small enterprises raised ₹1,290 crore through SME IPOs, the highest since 2012.

Market participants said the buoyancy in the primary market is set to continue with more than a dozen companies waiting for Securities and Exchange Board of India approvals to hit the market with their offerings.

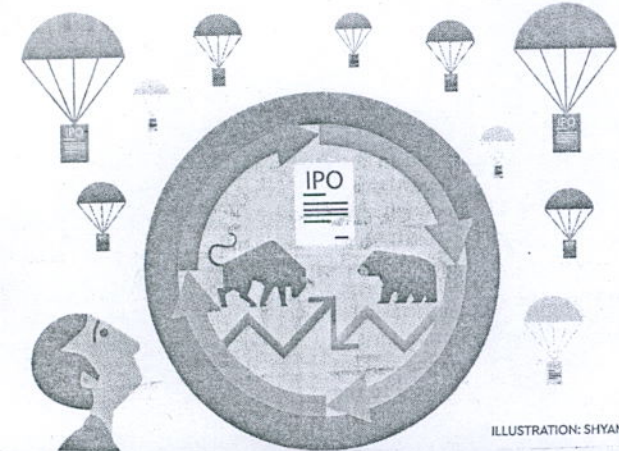


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